

Message Text

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70

ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 SS-15 NSC-10 DOTE-00 L-03

PA-03 USIA-12 PRS-01 AID-20 CIEP-02 TRSE-00 STR-08

OMB-01 CEA-02 ABF-01 OPR-02 FS-01 RSR-01 /130 W

----- 034621

R 091928Z JUL 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4818

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LIMA

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E.O. 11652: N/A

TAGS: EFIN, ETRN, CI

SUBJECT: DEVALUATION OF FX RATE FOR CHILEAN TOURISTS AND
CHANGES IN FX REGULATIONS FOR FOREIGN AIRLINES

REF: SANTIAGO 2670, 2562, 2335, 2238

1. EFFECTIVE JULY 6, CENTRAL BANK DEVALUED FX RATE FOR
CHILEAN TOURISTS TO E775 PER DOLLAR (FORMERLY WAS
APPROXIMATELY E660 WITH TAXES). NEW RATE DOES NOT HAVE
TAXES BECAUSE THESE AND SOME OTHER FX TRANSACTIONS (INCLUDING
PROFIT REMITTANCES OF FOREIGN AIRLINES) HAVE BEEN SHIFTED
FROM AREA III SALES CATEGORY OF BROKERS MARKET TO NEW LIST D-3
IN BANKERS MARKET, WHOSE TRANSACTIONS NOT TAXED. AREA III SALES
CATEGORY HAS BEEN ELIMINATED.

2. CENTRAL BANK ALSO CHANGED OTHER FX REGULATIONS FOR
FOREIGN AIRLINES OPERATING HERE. FX OPERATIONS TO PAY FOR
THEIR LOCAL CURRENCY EXPENSES, WHICH WERE IN LIST F OF BANKERS
MARKET, NOW COMES UNDER LIST G, WHOSE PRESENT RATE IS E100
PER DOLLAR. PROCEDURES FOR PROFIT REMITTANCES ARE SOMEWHAT

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MODIFIED.

3. COMMENT: BRANIFF REPRESENTATIVES HAVE TOLD US THAT MAIN PRUPOSE OF SHIFT IN CATEGORY OF CHILEAN TOURIST RATE HAS BEEN TO ELIMINATE TAX PAYMENTS, WHICH FAVORED THOSE FOREIGN AIRLINES WHICH WERE NOT PAYING TAXES (BRANIFF AND AVIANCA) AT EXPENSE OF NATIONAL AIRLINE, LAN. BRANIFF REPS SAID NEW CB REGULATIONS ON PROFIT REMITTANCES AND FX TRANSACTIONS FOR LOCAL EXPENSES DO NOT AFFECT THEIR AIRLINE BECAUSE BRANIFF IS NOT NOW OPERATING UNDER THEM. THEY BELIEVED, HOWEVER, THAT CENTRAL BANK MAY MOVE IN NEAR FUTURE TO MAKE BRANIFF AND AVIANCA FOLLOW CB REGULATIONS. END COMMENT.

4. IN ANOTHER DEVELOPMENT CENTRAL BANK SUSPENDED AUTHORIZATION OF BANCO DE CHILE TO CARRY OUT FX OPERATIONS EFFECTIVE JULY 9. BANCO DE CHILE WHICH WAS LARGEST PRIVATE BANK HERE UNTIL GOC TOOK CONTROL OVER IT LAST AUGUST, HAS NOT BEEN FUNCTIONING NORMALLY IN RECENT DAYS BEACUSE OF LABOR DIFFICULTIES.
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